



For Immediate Release:

July 20, 2012

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**Statement of the National Association of Medicaid Directors
on New Federal State Innovation Model Initiative**

Washington, DC – The following is a statement from Matt Salo, Executive Director of the National Association of Medicaid Directors (NAMD), regarding the Department of Health and Human Services' new initiative for states to design and test improvements to their health care systems.

“The National Association of Medicaid Directors (NAMD) applauds the Department of Health and Human Services' (HHS) new opportunity to partner with states to advance diverse and innovative delivery system and payment models. Last year, Medicaid Directors released a paper, “[Creating a Climate for Innovation](#),” that called on HHS to partner with states to address the systemic problems with the current federal-state partnership that have been cemented over many years, in part due to a lack of trust in state intent and an unerring commitment to protect the status quo. HHS' [State Innovations Models initiative](#) is a good first step towards reinvigorating and modernizing the federal-state partnership to examine new ways to ensure Medicaid delivers high quality, cost effective health care that meets the varied needs of states' low income residents.

“States are at different stages in designing and testing innovative payment and delivery system models. Their efforts are driven by the often poor outcomes and the financial crisis our nation faces as health care costs rise to an unsustainable level. We believe HHS' State Innovations Model has great potential to meet states where they are along this pathway. The new initiative also will support critical investments in infrastructure and stakeholder engagement efforts, the need for which has previously hindered health care reforms at the state and local levels.

“Federal-state partnerships to advance new innovations in health care are challenging because by definition innovative models challenge the status quo and necessarily carry some level of uncertainty. The success of the State Innovations Model initiative is dependent upon at least two key factors. First, there must be a strong commitment



between the state and federal governments to align incentives across federal and state programs to meet our shared goals. The collaborative, multi-payer focused effort must leverage governments' analytical functions to shape the design of and employ measures that can drive ongoing improvements in the models. Furthermore, Medicaid Directors also need ongoing demonstrations of shared commitment and mutual support.

"Second, federal and state partners must be willing to accept that true innovation can have risks. We are hopeful that HHS will support all states as they seek to pursue innovation models with the greatest potential to improve health outcomes and the sustainability of our health care system. Thus the Innovations Initiative – like any sincere effort to test new models – must allow for some level of assumed risk that is balanced by a partnership to monitor and quickly respond if any issues arise.

"The federal and state governments must cooperate to address runaway health care cost inflation, delivery models that fail to focus on quality outcomes, and growing rolls in public health care programs that contribute to fiscal pressures and frustration with our nation's health care system. The State Innovations Model initiative will help to create new pathways and allow the federal and state governments to jointly undertake bold new steps to tackle these complex issues.

"States are committed to working with HHS to take full advantage of this important new opportunity. We look forward to an ongoing dialogue with our federal partners on this and future opportunities to transform our nation's health care system to one that is sustainable and produces desirable outcomes for states' residents."

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The National Association for Medicaid Directors (NAMD) is a bipartisan, professional, nonprofit organization of representatives of state Medicaid agencies (including the District of Columbia and the territories). NAMD provides a focused, coordinated voice for the Medicaid program in national policy discussion and to effectively meet the needs of its member states now and in the future.